

## Message Text

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12

ACTION EUR-25

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 AGR-20 IGA-02 PA-04 PRS-01 USIA-15 DRC-01

/188 W

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R 050707Z AUG 74

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC 346

LIMITED OFFICIAL USE WARSAW 4497

E.O. 11652: N/A

TAGS: EFIN

SUBJECT: DEBT DEFERRAL: EMBASSY RECOMMENDATION

REFS: (A) STATE 138204; (B) WARSAW 4204;

(C) STATE 166107

FROM THE AMBASSADOR

1. IN MY OPINION, A POSITIVE US RESPONSE TO THE POLISH REQUEST FOR DEBT DEFERRAL WOULD INTENSIFY THE ALREADY MARKED IMPROVEMENT IN POLISH-US ECONOMIC AND POLITICAL RELATIONS AT MODERATE COST TO US AND TO THE DIRECT BENEFIT OF US EXPORTERS. MORE GENERALLY, IT WOULD BOLSTER THE EFFORTS OF THE GIEREK REGIME TO RAISE THE STANDARD OF LIVING OF THE POLISH PEOPLE.

2. SINCE POLAND CAN, IF NECESSARY, BORROW THE MONEY TO MAKE THE 1975-77 REPAYMENTS IN THE EURODOLLAR MARKET, THE NET ADVANTAGE TO THE  
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POLES IN ANY ROLL-OVER IS THE DIFFERENCE BETWEEN

THE CURRENT EURODOLLAR INTEREST RATE AND WHATEVER INTEREST RATE IS AGREED UPON WITH US. IN ADDITION, AS WE HAVE POINTED OUT, THE POLES WOULD AVOID THE NECESSITY OF DRAWING ON THEIR OUTSTANDING LINES OF INTERNATIONAL CREDIT.

3. LOOKED AT FROM THE US SIDE, THE ROLL-OVER WOULD HAVE THE NET EFFECT OF AN EXPORT CREDIT AND WOULD ASSURE AN INCREMENTAL RISE OF US EXPORTS FOR CASH TO POLAND OVER THE NEXT THREE YEARS OF AS MUCH AS \$50 MILLION. THIS GROWTH WOULD INTENSIFY THE DEPENDENCE OF POLISH FIRMS ON US SUPPLIERS TO OUR LASTING COMMERCIAL BENEFIT AND WOULD PRODUCE A FAVORABLE CLIMATE FOR THE CONTINUING IMPROVEMENT OF POLITICAL RELATIONS.

4. US EXPORTS TO POLAND ALMOST TRIPLED IN 1973 AND ARE CONTINUING TO RISE DRAMATICALLY. THE REQUEST FOR A ROLL-OVER, WHICH WE ARE IN ANY CASE COMMITTED TO CONSIDER, GIVES US A CHANCE TO MAINTAIN THIS MOMENTUM, IN THE DEVELOPMENT OF WHICH THE FIRST ROLL-OVER PLAYED A SIGNIFICANT ROLE. A NEW ARRANGEMENT BASED ON THE PROPOSALS SET FORTH IN WARSAW 4204 OR SUITABLE VARIANTS THEREOF, WOULD, I BELIEVE, BE IN OUR NATIONAL INTEREST AND CONTRIBUTE TO THE ACHIEVEMENT OF OUR LONG-TERM OBJECTIVES IN THIS COUNTRY.  
DAVIES

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PL 480, DEBT REPAYMENTS, LOANS, NEGOTIATIONS, FINANCIAL TRANSACTIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 05 AUG 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** cunninfx  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974WARSAW04497  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Office:** ACTION EUR  
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**Original Previous Handling Restrictions:** n/a  
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**Subject:** DEBT DEFERRAL: EMBASSY RECOMMENDATION  
**TAGS:** EFIN, PL  
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